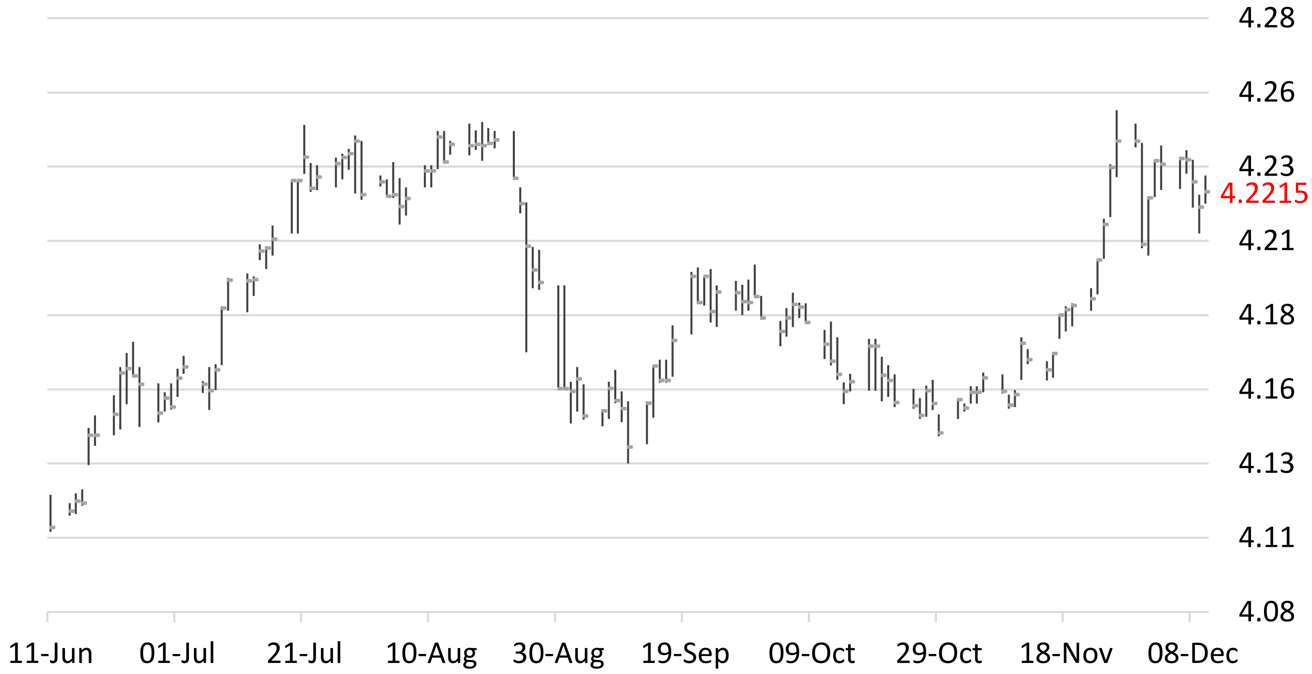
10 December 2021

Global Markets Research

Mid-day Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to Slightly Bearish

USD/MYR opened 0.1% higher at 4.2210. The return of risk aversion in the broader market in anticipation of major data and events, as well as concerns over the Omicron variant are expected to drive some recovery in USD/MYR following two sessions of losses. We expect the pair to maintain a weekly range of 4.20-4.25, with 4.25 serving as a key psychological resistance.

1-Month Outlook – MYR Bullish

We expect the MYR to be relatively resilient in the medium term, taking into account further economic recovery after the government relaxed more Covid-19 related restrictions. This also takes into account our view that the broader USD is also expected to strengthen modestly supported by Fed rate hike expectations and likely outperformance of recovery in the US. That said, the emergence of the Omicron variant could potentially derail the recovery and policy normalization path.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2000	4.2100	4.2215	4.2350	4.2500

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened 0.2% lower at 4.7619. EUR/USD has slipped back to just below 1.1300 as of writing after risk aversion and Fed tapering expectations boosted the broad dollar overnight. Focus now shifts to the US CPI rate due tonight where a steeper than expected gain in the index may further boost the USD and in turn weigh the EUR. We expect EUR/MYR to trade on a neutral note in anticipation of said events and data.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.7350	4.7500	4.7690	4.7878	4.8006

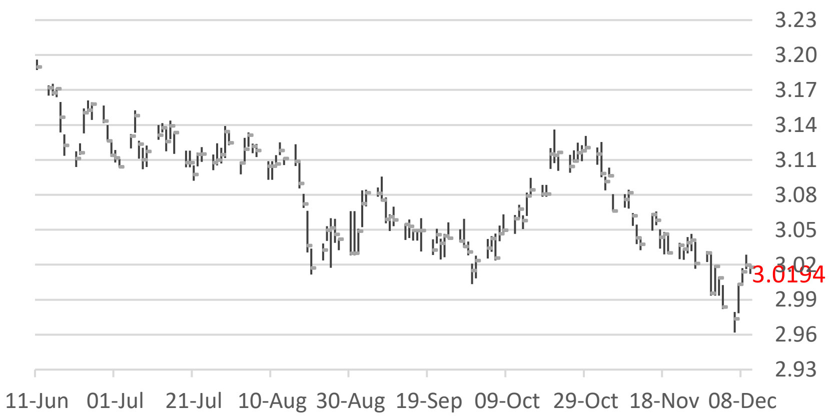
GBP/MYR

GBP/MYR Neutral

GBP/MYR opened 0.1% higher at 5.5758. GBP/USD recovered slightly overnight from the selling related to the government's new Covid restrictions. GBP/USD now hovers near 1.3230; UK's key data indicator due afternoon may act as a catalyst for some upsides but Omicron uncertainties, next week's BOE decision and firmer Fed tapering expectations could cap upside at 1.3300 for GBP/USD and 5.6000 for GBP/MYR.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.5500	5.5650	5.5842	5.6000	5.6264

AUD/MYR



AUD/MYR Neutral

AUD/MYR opened 0.2% lower at 3.0131 as the AUD weakened alongside most of its G10 peers in a stronger USD atmosphere. AUD/USD now trades at circa 0.7150 amid the absence of major driver. We expect the AUD to stay flat for the rest of the day in anticipation for US CPI data tonight and amid cautious sentiment.

	S2	S1	Indicative	R1	R2
AUD/MYR	3.0000	3.0150	3.0194	3.0326	3.0500

Source: Bloomberg, HLBB Global Markets Research

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